

Message Text

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PAGE 01 STATE 176483
ORIGIN EB-08

INFO OCT-01 EA-10 ISO-00 L-03 /022 R

DRAFTED BY EB/IFD/OIA:D V GRANT
APPROVED BY EB/IFD/OIA:M P BOERNER
EA/TIMBS:E CHESKEY (DRAFT)
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R 130232Z JUL 78
FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA

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E.O. 11652: N/A

TAGS: EINV, ID

SUBJECT: SEA OIL/P.T. BAUD EXPROPRIATION CLAIM

REFS: (A) STATE 009264; (B) JAKARTA 1699; (C) JAKARTA 8654,
(D) BARDACH MEMO TO FILES 2/10/78

1. SEA OIL V. P. ATKINSON AND LEGAL COUNSEL DAWSON HAVE RECENTLY BEEN IN TOUCH WITH DEPARTMENT CONCERNING NEXT STEPS IN PURSUING COMPANY'S CLAIM. THE COMPANY REPORTS THAT IT HAS NOT YET RECEIVED A REPLY TO ITS LETTER TO MINISTER WARDHANA, DELIVERED BY EMBASSY IN JANUARY, PROPOSING ARBITRATION OF CLAIM (REFS A AND B). NOTING THAT SUFFICIENT TIME HAD PASSED FOR "THE DUST TO SETTLE" AFTER INSTALLATION OF NEW INDONESIAN GOVERNMENT, THE COMPANY REQUESTED APPROPRIATE USG ASSISTANCE. IN RESPONSE, THE DEPARTMENT AGREED THAT IT WOULD BE APPROPRIATE FOR THE EMBASSY TO INQUIRE ABOUT THE STATUS OF THE GOI REPLY TO THE SEA OIL LETTER.

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2. ACCORDINGLY, EMBASSY SHOULD APPROACH APPROPRIATE GOI OFFICIAL AND INQUIRE ABOUT STATUS OF REPLY. EMBASSY MAY NOTE THAT CLAIM IS LONG OUTSTANDING, AND WHILE USG IS NOT NOW TAKING POSITION ON MERITS OF CASE, IT APPEARS TO US

THAT FAILURE TO RESOLVE CLAIM TO MUTUAL SATISFACTION OF

BOTH PARTIES COULD HAVE NEGATIVE EFFECT ON INDONESIAN INVESTMENT CLIMATE. WITHOUT PREJUDGING QUESTION OF APPROPRIATE FORUM, U.S. CONTINUES TO FAVOR ARBITRATION AS SUITABLE MEANS OF RESOLVING THE CASE.

3. EMBASSY MAY WISH TO CONSIDER RAISING MATTER WITH DFA DIRECTOR GENERAL RUSLI NOOR, RECALLING EARLIER CONVERSATION WITH AMBASSADOR (REF D). EMBASSY MIGHT ALSO USE SUITABLE OCCASION TO BRING CASE TO ATTENTION OF INDUSTRIES MINISTER SOEHOED IN LIGHT OF HIS INTEREST IN IMPROVING INDONESIAN INVESTMENT CLIMATE (REF C).

4. DEPARTMENT IS ALSO CONSIDERING PARALLEL APPROACH TO INDONESIAN EMBASSY HERE IF EMBASSY JAKARTA BELIEVES THIS WOULD BE USEFUL. PLEASE ADVISE. CHRISTOPHER

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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